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OXC-1919
Copy 0 of 10

14 July 1961

MEMORANDUM FOR : Chief, Personnel Branch, Development Projects Division

SUBJECT : Conversation with Mr. [REDACTED] Lockheed
Aircraft Corporation, Regarding Test Flight Bonuses
and Insurance for Lockheed Pilots 12 July 1961

STATINTL

1. Very shortly after our Project OXCART Staff Meeting of 12 July, I was called by Kelly Johnson on another matter at which time I told him that we would be anxious to discuss the question of pilot insurance with him at the time of his visit to Washington 28 July. I said that we were in pretty fair shape regarding insurance for the operational pilot personnel, but lacking for stated preference for annuity returns versus straight cash insurance outlay, we could not wrap the package up.

2. He told me that he thought he would be in a position to give us his viewpoint at that time. In the way of background he mentioned that it is normal LAC practice to carry a \$50,000 insurance policy on each test pilot in his employ. Premium charges for this insurance become a part of the standard overhead. Because of the added risk factor according to Kelly associated with the A-12, he is advocating insurance over and above the normal policy I have mentioned. I pressed him for some indication as to the possible dollar value of such insurance, and without committing himself he said he was thinking in terms of a figure of about \$250,000 extra. I inferred that he may well have had preliminary conversations with the pilots concerned in arriving at this figure for in the next breath he mentioned that he had talked to them in general terms, and that while he thought they were crazy, they had expressed no interest whatever in annuity payments as a substitute for direct cash outlay in the event of death.

3. According to Kelly, this special insurance would be in force only for the first twelve flights of the A-12. These are the flights which are regarded as critical in a new type aircraft. He said that as far as anticipated duration of such flights was concerned, he thought it would run on the order of one hour each. From this it is difficult to determine exactly for what time period this insurance would be required, since under certain

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conditions twelve flights on a prototype conceivably could be gotten off within a matter of a few weeks if everything went smoothly. When I made this last observation to Kelly, he said he believed that insurance of this type was obtained on the basis of so much premium for each hour of flight rather than for a calendar period as is the case in most normal insurance.

4. During the period of the twelve critical flights, a cash bonus in the neighborhood of \$50,000 will be paid to the test pilot(s) involved in flying them. According to Kelly, he plans to start with one man alone at first, possibly adding a second before the twelve-flight period is at an end. An extra bonus is paid these pilots for any maximum performance runs or dive tests. In addition, Kelly said he expects to retain the premium pay arrangement used in the U-2 Program whereby a modest cash increment is paid to test pilots for each hour of flight in excess of 50,000 feet. This latter arrangement continues for the life of the program as long as it involves Kelly's test pilots. As I recall, this is a very small amount in the neighborhood of \$50 to \$100 an hour.

5. I am setting forth these figures here simply to give you background for consideration of the problem prior to Kelly's visit. Let me know if any of the ideas I have forecast in your opinion are apt to present major problems in our incorporation of Lockheed pilots into the Agency insurance scheme.

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Assistant Chief
DPD-DD/P

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